

Budget Outlook Methodology

March 31, 2022



Washington State
Economic and Revenue Forecast Council

This page left intentionally blank.



WASHINGTON STATE
ECONOMIC AND REVENUE FORECAST COUNCIL

AGENDA

BUDGET OUTLOOK METHODOLOGY

March 31, 2022
11:00 a.m.

- Call to order
- Approval of meeting minutes from February 16, 2022
- Budget Outlook Methodology presentation
- Adjournment

This page left intentionally blank.



STATE OF WASHINGTON
ECONOMIC AND REVENUE FORECAST COUNCIL
PO Box 40912 • Olympia, Washington 98504-0912 • (360) 534-1560

Meeting Minutes
Revenue Review
February 16, 2022
Conference Call

Economic and Revenue Forecast Council

Tim Ormsby, House of Representatives, Chair
Christine Rolfes, Senate
Lynda Wilson, Senate
Ed Orcutt, House of Representatives
Mike Pellicciotti, Treasurer
Vikki Smith, Department of Revenue
David Schumacher, Office of Financial Management

Staff

Steve Lerch, Executive Director

Call to Order

Representative Ormsby called the meeting to order at 9:02 a.m.

Approval of the Minutes

Representative Orcutt moved, seconded by Representative Ormsby, to adopt the meeting minutes from February 3, 2022. Motion passed at 9:03 a.m.

Revenue Forecast Presentation

Dr. Lerch presented information on the economic and revenue forecast. Dr. Lerch summarized the forecast changes.

Motion

Representative Orcutt moved, seconded by Representative Ormsby, to adopt the revenue forecast as presented. Motion passed unanimously at 9:18 a.m.

Adjournment

With no further business, the meeting adjourned at 9:52 a.m.

This page left intentionally blank.

March 31, 2022

To: Economic and Revenue Forecast Council

From: State Budget Outlook Work Group

Subject: Preparation of the Enacted FY2022 Supplemental Operating Budget Outlook

The State Budget Outlook Work Group (work group) poses the following issue for the Economic and Revenue Forecast Council (ERFC) to provide guidance in the preparation of the Outlook for the enacted FY2022 Supplemental operating budget.

1. Capital Gains Tax Revenue. The adopted ERFC February 2022 revenue forecast incorporates assumed revenue from the enactment of Chapter 196, Laws of 2021 (capital gains tax). On March 1, 2022, the Douglas County Superior Court overturned the tax. The state is appealing the ruling by the Douglas County Superior Court and has filed for direct review of the Superior Court decision by the Washington State Supreme Court. The adopted ERFC February 2022 revenue forecast includes a capital gains revenue assumption of \$1.155 billion NGF-O over the 4-year period.

Question 1: Does the ERFC want the Outlook for the enacted FY 2022 supplemental operating budget prepared by the work group to:

- a. assume the February 2022 revenue forecast making no adjustment related to the Douglas County Superior Court decision; or*
- b. make an adjustment related to the Douglas County Superior Court decision to outlook revenue, and update both the ensuing biennium 4.5% revenue growth adjustment and the 1% budget stabilization account transfer accordingly. This is estimated at a net reduction of \$731 million in NGF-O resources over the 4-year period.*